

**BOARD OF ELECTIONS
PERFORMANCE AUDIT
NOVEMBER 2001**

**DEPARTMENT OF ADMINISTRATION
BUREAU OF AUDITS
ONE CAPITOL HILL
PROVIDENCE, RI 02908-5889**



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

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Board of Elections
PERFORMANCE AUDIT

EXECUTIVE SUMMARY

Campaign finance contributions and expenditures need to be clarified, adequately documented, and supported by policies and procedures in conjunction with the implementation of a new computer system. As the Board implements the proposed computer system, it would be prudent to adopt standards for information technology to ensure the investment in technology is not degraded because of the lack of the appropriate standards for information technology. Management should consider the feasibility of introducing legislation to increase the filing threshold for campaign and expenditure reporting.

The Board should review the cost effectiveness of retaining full-time legal counsel and explore the feasibility of hiring legal counsel on a per diem basis.

A determination should be made regarding the status of the state-owned facility. Professionals should review the existing site issues if this facility is to remain a state asset.

BOARD OF ELECTIONS
PERFORMANCE AUDIT

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November 15, 2001

Mr. Roger Begin, Chairman
Board of Elections
50 Branch Avenue
Providence, RI 02904

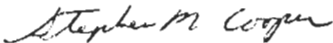
Dear Mr. Begin:

We have completed a performance audit of the Board of Elections. Our audit was conducted in accordance with Sections 35-7-3 and 35-7-4 of the Rhode Island General Laws.

The findings and recommendations included herein have been discussed with management and we have considered their comments in the preparation of the report.

In accordance with Section 35-7-4 of the R.I. General Laws, we will review the status of the Board of Elections, corrective action plan within 6 months from the date of issue of this report.

Sincerely.


Stephen M. Cooper, CFE, CGFM
Chief, Bureau of Audits

SMC:pp

BOARD OF ELECTIONS
PERFORMANCE AUDIT

INTRODUCTION

Objective, Scope, and Methodology

We conducted a performance audit of the Board of Elections for the fiscal year ended June 30, 2000 and fiscal year 2001 through June 25, 2001. Our objectives were to determine that the Board of Elections complied with state laws and regulations and was acquiring, protecting, and using resources both economically and efficiently.

Our audit was made in accordance with the Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. In conducting our audit, we evaluated the practices and procedures used by the Board of Elections in administering its operations. Our purpose was to identify practices and procedures that could be improved or made more efficient, and to identify any significant non-compliance with applicable state or federal laws. To achieve our objectives we reviewed relevant policies and procedures and state laws and regulations, interviewed personnel, and performed tests of the records and such auditing procedures we deemed necessary in the circumstances.

The findings and recommendations include herein have been discussed with management and we have considered their comments in the preparation of our report. Section 35-7-4 (c) of the Rhode Island General Laws requires the auditee to respond in writing within 60 days to all recommendations made in the report. Management's response to our findings and recommendations were submitted on November 14, 2001, and are included in our report.

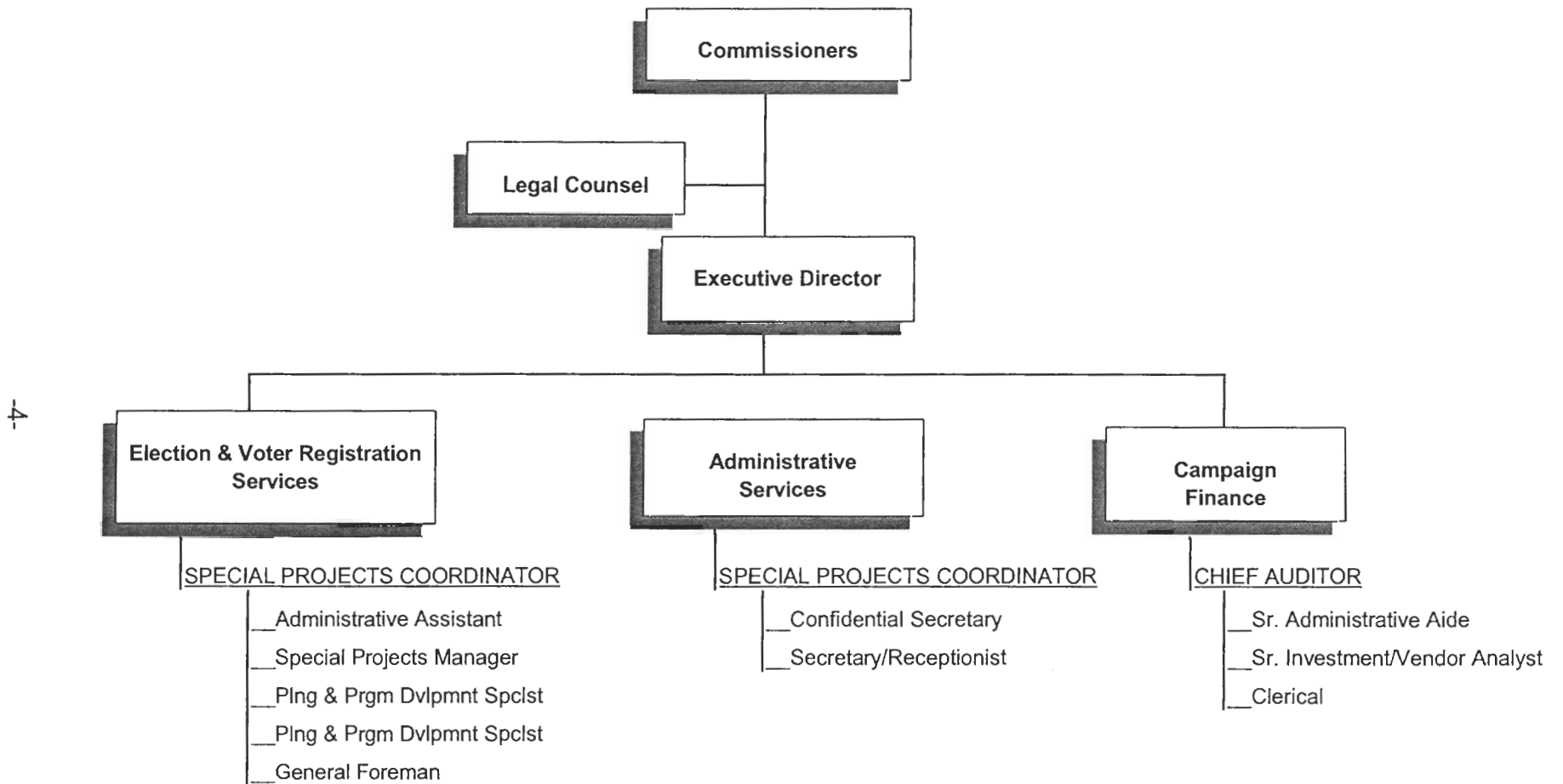
Background

"The mission of the Board of Elections is to protect the integrity of the electoral process and to effectively and efficiently administer the provisions of the election laws of the United States and the State of Rhode Island including, but not limited to, the governance and conduct of elections, voter registration, campaign finance, public funding of campaigns and any other duties prescribed by law."

Its duties include but are not limited to conducting voter registration drives, instructing and certifying all election officials assigned to the polls, and maintaining, preparing and delivering voting equipment, election return forms, and supplies used at each polling place.

In addition, the Board carries out the mandates of the Rhode Island Campaign Contribution and Expenditures Reporting Act, which include overseeing, monitoring, and investigating the campaign finance activities of candidates, political action committees, and state vendors and political parties.

BOARD OF ELECTIONS
Organization Chart



BOARD OF ELECTIONS
PERFORMANCE AUDIT

STATUS OF PRIOR AUDIT RECOMMENDATIONS

The following audit recommendations were identified in the audit report prepared by the Office of the Auditor General for the fiscal year ended June 30, 1995.

Transportation of Voting Machines

1. Award contracts to deliver voting equipment on a statewide basis to the lowest responsible bidder.

Implemented.

2. Evaluate the manner in which prices are obtained for transporting voting machines. Consider inviting bids on a zone basis.

Implemented.

3. Discontinue the practice of transferring voting machines from the warehouse to Board headquarters. Prepare machines for elections at both sites, as required.

Implemented.

Replacement of Voting Machines

4. Conduct an all-inclusive analysis of potential cost savings and additional costs associated with the acquisition of new technology voting machines. Evaluate the benefits and drawbacks of each possible financing alternative.

Implemented.

Staffing

5. Determine staffing needs if new technology voting machines are obtained.

Implemented.

6. Explore options to provide adequate staff for peak election periods yet not maintain full time staff when not needed.

Implemented.

7. Cross-train qualified administrative personnel to meet Board responsibilities in the Campaign Finance Office and effectively utilize other personnel.

Implemented.

Vendor Billings

8. Strengthen controls over payments to vendors for transporting voting machines.

No longer applicable.

9. Recover overpayments from vendors.

Implemented.

Voting Machine Inventory

10. Complete fixed assets documents (Form A-60) when voting machines are taken out of service.

Implemented.

11. Utilize the list of voting machines prepared as part of this audit and maintain a perpetual inventory system.

No longer applicable.

12. Perform a manual count of voting machines at least annually.

No longer applicable.

Compensatory Time

13. Consider altering daily work schedules as a means of reducing compensatory time.

Implemented.

Purchasing

14. Strengthen controls over procurements to ensure compliance with the requirements of the State's General Laws.

Implemented.

Payroll Reporting

15. Implement the on-line payroll reporting system available to state agencies.

Implemented.

16. Create a new time reporting form that will be completed by the employees, verified by the appropriate supervisor, and submitted to the chief clerical assistant.

Implemented.

Data Entry

17. Require candidates for statewide general office to submit quarterly campaign finance reports on computer diskette, utilizing a program to be developed by the Board.

Implemented.

Document Processing

18. Procure a microfiche system, which would allow outside entities and individuals to copy documents and reports for a fee and relieve Board employees of this responsibility.

No longer applicable.

Building Security

19. Strengthen building security by installing an alarm system and restricting access to the key-making machine.

Implemented.

Building Renovations

20. Conduct a study to determine the nature, extent, and cost of renovations necessary to improving working conditions at Board headquarters.

Implemented.

In-state Mileage

21. Verify in-state mileage charges periodically to ensure accuracy.

Implemented.

Cash Receipts

22. Transmit cash receipts to the General Treasurer in accordance with state law.

Implemented.

Telephone Lines

23. Discontinue service for all telephone lines found to be unnecessary for the Board operations.

Implemented.

Property and Equipment

24. Prepare a formal listing of all fixed assets with a value in excess of \$500.00. Conduct an annual physical inventory of all fixed assets. Prepare required state reports whenever property or equipment with a value in excess of \$500.00 is acquired or withdrawn from service.

Implemented.

National Voter Registration Act

25. Implement procedures to bring the State into compliance with the National Voter Registration Act.

Implemented.

BOARD OF ELECTIONS

PERFORMANCE AUDIT

FINDINGS AND RECOMMENDATIONS

Personal Use of Campaign Funds

RIGL 17-25-7.2 (a) states, in part, that the personal use of campaign funds by any elected public office holder or by any candidate for public office is prohibited. The statute defines personal use "as any use other than expenditures related to gaining or holding public office and for which the candidate or elected public official would be required to treat the amount of the expenditure as gross income under §61 of the Internal Revenue Code of 1986, 26 U.S.C. §61, or any subsequent corresponding Internal Revenue Code of the United States, as from time to time amended." Currently, public officials are reporting such items as country club dues, green fees, meals, etc., as expenses related to holding and maintaining office. The criterion in question coupled with the fact that reporting requirements do not necessitate the submission of supporting documentation makes it difficult to evaluate and assess if these types of expenditures are allowable under the law.

Recommendation

1. The criterion for allowable campaign expenditures needs to be clarified and supporting documentation should contain descriptive information for determining and evaluating these expenditures.

Management's Response

Accepted

Campaign Finance Contribution and Expenditure System

In accordance with RIGL 17-25, Rhode Island Contributions and Expenditures Reporting, the Board of Elections has the oversight responsibilities for the reporting of certain contributions and expenditures made by candidates for public office. Our review disclosed that the present information processing system has several weaknesses and provides limited support to the Board of Elections in accomplishing their oversight responsibilities. Currently, the candidates submit their campaign finance reports quarterly to the Board of Elections. The campaign finance unit manually reviews the paper filing of contributions and expenditures and only enters contribution information into the computer system. Expenditure data is not recorded because

the system's software application does not have the capability to record expenditures. Since the reporting features are limited, the staff must conduct a one-to-one match to ensure contribution data was properly recorded. The employees have created a method of working around the system's limitations. There are few system edits and little linkage between the screens that require redundant data entry to expand reporting capability. The exception reporting process is performed manually by utilizing the narrative fields and transcribing the exception to a supervisor's word processing list.

In response to changing needs, the Board of Elections has proposed a Request for Proposal (RFP) for an Electronic Reporting Tracking System (ERTS) that will track both contributions and expenditures. The Board has developed this system's proposal based on state-of-the-art technology that supports E-Commerce activities. The proposed information technology improvement will mitigate the gap in information and overcome many operational weaknesses.

Recommendation

2. Until such time as the ERTS is operational, revise policies and procedures to support the tracking of both contributions and expenditures.

Management's Response

Accepted

Technology Standards

Our review of the operational controls and weaknesses at the Board of Elections was conducted as management identified improvements in information technology and drafted formal Request for Proposals (RFP) to mitigate these weaknesses. In addition to the proposal for the Electronic Reporting Tracking System (ERTS) that will track contributions and expenditures, the Board has included the tracking of the State Vendor Program as part of the proposed system. It should be noted that the costs of advanced technology have to be funded in accordance with the state of Rhode Island's strategic technology plan. The RFP's are under review by the Division of Purchases and the Office of Information and Library Services.

Our concern is that the investment in information technology will be degraded over time if technology standards are not implemented. As the Board implements a new computer system, it would be prudent to review policy and procedure, and adopt standards for information technology. Information technology standards are essential due to the great dependence and expectations the Board has placed on the proposed system and the information it will provide.

The Board needs to be able to understand and mitigate the business risks associated with the implementation of new technologies and the current and future costs to maintain the system. The use of generally applicable and accepted standards for security and control practices for information technology would be helpful to the Board. Examples of the standards that have been developed are those by the Information Systems Audit and Control Foundation (ISACF). They have developed generally accepted information technology standards for Control Objectives for Information Technology (COBIT), which can help balance risk with control objectives.

Recommendation

3. The Board should explore the feasibility of adopting generally accepted standards for security and control practices for information technology.

Management's Response

Accepted

Economy and Efficiency of Operations

The Board of Elections employee roster includes a position for a full-time legal counsel. This is a permanent full-time position in the unclassified service. Our review disclosed that the legal counsel does not maintain an office at the Board of Elections but works out of an office he maintains in Providence for his private legal practice. Legal counsel's attendance is only required at hearings and meetings.

We reviewed both the hours worked and the work performed by legal counsel to assess the cost effectiveness and need for a full-time legal counsel position for an operation such as the Board of Elections. In accordance with Personnel Rule 5.023 attendance reports are not required for employees in the non-standard category except for absences due to sick or vacation. As a result, the legal counsel does not submit an attendance report. It should be noted, however, that it is the practice of the Board of Elections to have all employees except the legal counsel and chief of staff submit weekly attendance reports. In the absence of attendance reports for the legal counsel, we were unable to determine attendance and work performed at his private office. As an alternative, we reviewed the minutes of the Board's meetings for the 29-month period January 1999 thru May 2001 to determine legal counsel's time and attendance. Tables 1 and 2 below summarize our analyses.

Table 1

**LEGAL COUNSEL'S
ATTENDANCE AT BOARD MEETINGS**

	<u>TOTALS</u>	<u>1999</u>	<u>2000</u>	<u>2001 (5 Months)</u>
Board Meetings	81	26	46	9
Attendance by Legal Counsel	44	18	23	3
	54%	69%	50%	33%

Table 2

**LEGAL COUNSEL'S HOURLY
ATTENDANCE AT BOARD MEETINGS**

<u>TIME (HOURS)</u>	<u>TOTALS</u>	<u>1999</u>	<u>2000</u>	<u>2001 (5 Months)</u>
Board Meetings	104	29	65	10
Legal Counsel	66	22	37	7

The minutes noted that the Board forwards referrals of possible violations to the Attorney General. Legal counsel provided the Board with a complete list of files handled from his office -- past and present as of May 15, 2001. For the 29-month period under review, the report indicates that 12 files were opened and one carried forward from 1997 for a total of 13 files of which 5 remain active.

The data suggests that the retention of a full-time legal counsel at a cost of \$66,612 (base salary of \$51,240 plus a 33% benefit package) to attend approximately 66 hours of meetings over a 29-month period and an average of 2-3 cases a year does not appear to warrant a full-time legal counsel. In addition, this arrangement appears to meet the IRS requirements of an independent contractor and not a full-time employee.

Recommendation

4. The Board should review the cost effectiveness of retaining full-time legal counsel and explore the feasibility of hiring legal counsel on a per diem basis utilizing State of Rhode Island policies and procedures.

Management's Response

Accepted

Reporting of Political Contributions by State Vendors

RIGL 17-27 requires vendors that contract with the state to provide goods and services at a cost of \$5,000 or more to provide an affidavit stating whether the vendor contributed in the past 24 months in excess of \$250 in the aggregate to any candidate, general officer, or political party. The vendors mail in their affidavits to the Board of Elections and upon receipt, the Board's personnel update the vendor files with the vendor provided information. Our tests results indicate that the vendors with unexecuted or partially executed contracts with less than \$5,000 are filing. Our review of the state vendor program updating files practices indicate that there is a possible mismatch in data provided to the Board of Elections by the Division of Purchasing. The Division of Purchases provides to the Board an updated diskette with the file of vendors who "exceed the \$5,000 this month" threshold. This causes difficulty because the vendor file provided by the Division of Purchases only includes those vendors with expenditures in excess of \$5,000 and not those vendors with unexecuted or partially executed contracts. As a result, there cannot be a match unless the vendors were previously in the Board's system. This mismatch between the two data bases results in extra effort and guesswork in attempting to match up the records. It appears that the data provided by the Division of Purchases may not be useful in meeting the objectives of the law.

Recommendation

5. Review the Division of Purchases vendor files with the Office of Information and Library Services to determine if this file is best suited to the State Vendor Program.

Management's Response

Accepted

Campaign Contributions and Expenditures Reporting

Pursuant to Title 17, Chapter 25 of the R.I. General Laws, campaigns that do not expend in excess of \$1,000 annually or receive contributions in excess of \$100 from any single source in the aggregate during a calendar year are not required to file quarterly campaign finance reports.

Our review disclosed that in fiscal year 2000, there were 5,211 reports filed and approximately 4,000 filings ranging from \$00.00 to \$5,000.00 in contributions. The current system is not conducive to managing this volume of reports. As previously stated the statutes allow that instead of quarterly reports, a filer could use an affidavit if expenses are less than \$1,000 in a calendar year and contributions from a single source do not exceed \$100 in the

aggregate. The affidavit does not capture financial information, but this could be modified and the concept could be expanded to a higher threshold for filings. The Board may have to review any impact on the candidates who choose to qualify for matching funds. Modifying the rules would lessen the burden on the candidates. A change in thresholds could be accomplished with annual financial filings and still decrease volume and not the quality of the financial information.

Recommendation

6. Review the feasibility of introducing legislation to increase filing thresholds.

Management's Response

Accepted

Post Audit Requirement

The Board is empowered under RIGL 17-25-27 to conduct a post audit of all accounts for an election cycle and such other special audit and post audits, as it deems necessary. Our review disclosed that the Board does not conduct any audits and out sources the Matching Public Funds program to a Certified Public Accounting firm. The Campaign Finance Unit's procedures do not address completely the audit and monitoring operations of the Board's campaign finance operation. The Campaign Finance Unit's operating system is limited and does not easily support audits. The Board has prepared a Request for Proposal (RFP) to solicit auditing and consulting services. The objective is to examine and assess the campaign finance mission and its associated duties and responsibilities under the law. This is a good short-range plan; however, the Board should develop a manpower plan to obtain professional auditing expertise on staff.

Recommendations

7. Policies and procedures should address the implementation of compliance audits and any new information systems it should acquire.

Management's Response

Accepted

8. Explore the feasibility of expanding auditing coverage.

Management's Response

Accepted

Voted Ballot Retention Requirements

Section 17-19-39 of the Rhode Island General Laws requires that voted ballots are to be removed from the optical scan voting machines and held in sealed storage containers by the state and local boards for 26 months after the date of the election. Management has indicated that legislation could be introduced to modify storage requirements to 22 months. This change would mirror the election cycle and there would be no overlap in retention and election cycles. The 22-month retention period would be more cost effective and minimize storage cases and the need for storage space. The same cases could be recycled for each election.

Recommendation

9. The Board should review the current retention period and, if feasible, have legislation introduced to change the retention period.

Management's Response

Accepted

Site Issues

The Board of Elections operates from a state-owned facility located at Branch Avenue in Providence near Routes 95 and 195. Management prefers to maintain operation at this site because of its operational requirements. The building has a public hearing room; a lower level with adequate work area for preparing election supplies and equipment and; two overhead doors that allow large trucks to easily load and unload voting equipment. The building's air quality control system is not properly regulating heat and air-conditioning; at any given time the ambient room temperatures can fluctuate 20 degrees. During this audit the temperature rose to 90 degrees in major areas of the building. There is a fenestration problem and few windows with little natural light. This is a very old building and appears to need work and given the foregoing problems is expensive to maintain. We were unable to determine whether or not this building is going to be sold or plans have been reviewed to remedy the existing problems.

In the event of a ballot recount, management would have to set up tables and chairs in the lower level for the workers. This designated area is open and used for loading and unloading voting equipment and would not be conducive to ensuring the integrity of the recount as it is currently configured. A formal secure partition structure would enhance oversight by maintaining a structured workflow and ensure the security and operational effectiveness of the recount.

Recommendation

10. If the building is to remain a state asset, professionals should review the existing site issues and establish a secure partitioned work area for recounts.

Management's Response

Accepted

Preservation of Records

Section H of the Board of Election's Campaign Finance Manual requires that "the accounting records must be current and posted not more than seven days after the date of the transaction. The records maintained by the campaign treasurer must be preserved for at least a period of one year after the last report or affidavit, which is required to be filed." This one-year record retention requirement makes it difficult to schedule and conduct audits on closed campaigns.

Recommendation

11. Section H of the Board's Campaign Finance Manual should be modified to allow adequate time for scheduling and conducting audits.

Management's Response

Accepted

Commingling of Funds

The State Board of Elections has issued a Campaign Finance Manual for the Public Financing of Campaigns for Candidates for General Office. The manual requires that "each campaign must open a separate checking account for Matching Public Funds." Our review disclosed that neither the General Laws nor the Campaign Finance Manual address separate accounts for those campaigns where no matching public funds are provided. Management has indicated that the Board does not wish to burden the small campaigns with filing requirements; however, not all campaigns with any matching public funds are small. This reasoning is not offset by other problems that stem from commingling funds such as the increased difficulty in auditing those campaign funds that do not have separate accounts.

Recommendation

12. The Board should require separate accounts for all campaign funds.

Management's Response

Partially accepted

Ballot Security Cases

In accordance with RIGL 17-19-3 (9) (v) the Board is responsible for supplying ballot security cases for the various precincts. Our review disclosed that after ballots are cast, they are stored in plastic bags by poll workers at each precinct and returned to their respective local boards of canvassers. The plastic storage bags do not provide enough protection to the ballots to preserve their integrity in the event of a recount. Ballot boxes made of either metal or heavy-duty plastic would serve this purpose.

Recommendation

13. Management should provide more durable and protective ballot security cases.

Management's Response

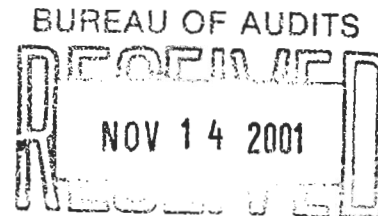
Accepted



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

BOARD OF ELECTIONS

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November 2001

Mr. Stephen M. Cooper, Chief
Department of Administration/Bureau of Audits
One Capitol Hill
Providence, Rhode Island 02908-5889

Dear Mr. Cooper:

The Board of Elections has reviewed the draft report of the performance audit your office recently conducted at the Board of Elections. Pursuant to your request, the Board has reviewed the bureau's recommendations and responded in the manner required. We respectfully request that the attached responses are included as part of your final report.

The Board is dedicated to the continued enhancement of its operations and to building the most efficient, productive and cost-effective agency possible. As such, we welcome your thoughts and suggestions and look forward to using your report as a management tool in helping us to achieve our objective.

Please feel free to call me if you have any questions.

Respectfully submitted,

Robert J. Fontaine, Executive Director

on behalf of

Roger N. Begin, Chairman
Thomas V. Iannitti, Vice Chairman
Judith H. Bailey, Commissioner
John A. Daluz, Commissioner
Robert B. Holbrook, Commissioner
Florence G. Johnson, Commissioner
Raymond A. Xavier, Commissioner

"MAKING DEMOCRACY WORK!"

**BOARD OF ELECTIONS
BUREAU OF AUDITS PERFORMANCE AUDIT
NOVEMBER 2001**

**MANAGEMENT'S RESPONSES TO
AUDIT FINDINGS & RECOMMENDATIONS**

RECOMMENDATION #1: The criterion for allowable campaign expenditures needs to be clarified and supporting documentation should contain descriptive information for determining and evaluating these expenditures.

RESPONSE: Accepted. Legislation passed in the 2001 session of the general assembly seeks to clarify what are allowable expenditures under the Campaign Contributions & Expenditures Reporting Act. In addition, the Board will adopt rules and regulations setting forth standards and guidelines for the permitted use of campaign funds. In conjunction with this, the Board will establish new reporting requirements whereby filers will be required to provide more detailed information regarding expenditures.

* * * * *

RECOMMENDATION #2: Until such time as the Electronic Reporting & Tracking System (ERTS) is operational, revise policies and procedures to support the tracking of both contributions and expenditures.

RESPONSE: Although the Board accepts the premise of this recommendation, since the time said recommendation was made funding has been secured and development of an ERTS has begun. Hence, as it is anticipated the ERTS will be operational sometime during the spring of 2001, the Board feels it is more appropriate to develop the recommended policies and procedures concurrent with, and in consideration of, the implementation of the ERTS.

* * * * *

RECOMMENDATION #3: The Board should explore the feasibility of adopting generally accepted standards for security and control practices for information technology.

RESPONSE: Accepted. The Board does not have an information technology person on staff. Rather, the agency relies on the state's Office of Library & Information Services (OLIS) for support services in this area. The security and control practices standards suggested by the auditors have been forwarded to the staff at the OLIS for their consideration and inclusion in the development of information technology systems at the agency.

RECOMMENDATION #4: The Board should review the cost effectiveness of retaining full-time legal counsel and explore the feasibility of hiring legal counsel on a per diem basis utilizing State of Rhode Island policies and procedures.

RESPONSE: Accepted.

* * * * *

RECOMMENDATION #5: Review the Division of Purchases vendor files with the Office of Library and Information Services (OLIS) to determine if this file is best suited to the State Vendor Program.

RESPONSE: Accepted. The Board will work with the Division of Purchases and the OLIS to review the manner in which the Division of Purchases provides data to the Board and, if possible, reconcile the two databases so that the appropriate data is made available to the Board.

* * * * *

RECOMMENDATION #6: Review the feasibility of introducing legislation to increase filing thresholds.

RESPONSE: The threshold limits for the filing of campaign finance reports are set by statute. The Board agrees to review the threshold limits for said filings and, if deemed necessary and appropriate, recommend a change to the general assembly.

* * * * *

RECOMMENDATION #7: Policies and procedures should address the implementation of compliance audits and any new information systems it should acquire.

RESPONSE: Accepted. The Board is currently in the process of implementing an Electronic Reporting & Tracking System (ERTS) as well as developing policies and procedures to address compliance issues. The rules, regulations, policies and procedures which the Board is moving to adopt along with the timeliness of exception reports made available by the ERTS will enable the Board to enhance its compliance capabilities.

* * * * *

RECOMMENDATION #8: Explore the feasibility of expanding auditing coverage.

RESPONSE: Accepted. The Board is preparing to add a principal auditor to the staff to oversee compliance issues and conduct audits, as required.

RECOMMENDATION #9: The Board should review the current retention period and, if feasible, have legislation introduced to change the retention period.

RESPONSE: Accepted. The Board will seek to have the retention period for voted ballots changed to 22 months which would be in accord with federal law.

* * * * *

RECOMMENDATION #10: If the building is to remain a state asset, professionals should review the existing site issues and establish a secure partitioned work area for recounts.

RESPONSE: Accepted. The Board has invited an architectural firm to review the structural needs of the facility at 50 Branch Avenue, Providence. Concurrently, the state's Division of Central Services is also examining the facility to determine needed improvements. Funds have been budgeted in FY 2002 to address the year-round HVAC (heating, ventilation and air conditioning) problems associated with the building. (It should be noted, however, that the Board has been informed that there may be a freeze on all capital projects in the current fiscal year thereby jeopardizing this project.)

The Board is requesting funds in the FY 2003 budget to acquire portable partitions for the purpose of establishing a secure ballot recount area thereby enhancing and safeguarding the integrity of the election recount process.

* * * * *

RECOMMENDATION #11: Section H of the Board's Campaign Finance Manual should be modified to allow adequate time for scheduling and conducting audits.

RESPONSE: Accepted. The campaign finance manual will be updated to reflect the recent enactment of a statutory amendment requiring the maintenance and preservation of records for a period of four (4) years from the date reports are filed. Said amendment will permit the Board adequate time to conduct necessary audits.

* * * * *

RECOMMENDATION #12: The Board should require separate accounts for all campaign funds.

RESPONSE: Partially accepted. The Board will consider adopting regulations which will prohibit the co-mingling of accounts and which will require campaigns to maintain separate accounts provided, however, that campaigns whose expenditures do not exceed one thousand dollars (\$1,000) within a calendar year or receive contributions in excess of one hundred dollars (\$100), in the aggregate, from a single source within a calendar year shall be exempt from this requirement.

RECOMMENDATION #13: Management should provide more durable and protective ballot security cases.

RESPONSE: Accepted. The Board is seeking funds in the FY 2003 budget to acquire ballot security cases to transport, secure and store voted ballots thereby enhancing ballot security.